TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 1722 - SB 1751

March 4, 2011

SUMMARY OF BILL: Requires the University of Tennessee (UT) to give employees 90 days paid notice before any reduction in force (RIF) takes effect and to maintain a layoff list for the purposes of rehiring.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $225,000

Assumptions:

- Employees targeted for a RIF action must be paid for 90 days regardless of when notice is given.
- According to UT, the average notice given to employees before a layoff is 45 days and the average number of employees in any RIF action is 45 employees. The average cost in salary and benefits for one employee for a full year is $40,000 in salary and benefits.
- Salary and benefit pay for 90 days is approximately one-fourth of that ($10,000) and 45 days is $5,000.
- An average UT RIF that affects 45 employees who receive the average notice of 45 days will increase state expenditures approximately $225,000 ($5,000 x 45).
- Actual RIF expenditures will be dependent upon the number of employees affected, salary and benefit packages, and when notice is given.
- A layoff recall list will be maintained by existing staff without an increase in state expenditures for additional software or programming.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

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